

## ODI/BIDPA BRIEFING NOTE 4:

### Services in international trade negotiations

March 2007

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Botswana is member of WTO and GATS, and of a series of regional agreements, including the Southern Africa Customs Union (SACU) Southern African Development Community (SADC) and the African Union/African Economic Community, in which all the other SACU countries also participate. SADC protocols are drafted in three areas related to trade in services:

- trade in services,
- finance and investment
- migration.

Negotiations with the EU and US are also ongoing and these could also include services provisions. EPAs with the EU have the possibility of including services, with special and differential support measures.

For Botswana, these negotiations offer threats and opportunities. Threats because opening up some sectors to further service providers may lead to unwelcome effects if the regulatory framework is not in place (though Botswana already tends to be open and non-discriminatory). However, they can also offer opportunities because Botswana can signal openness and attract investment and service providers. Further opportunities relate to better market access abroad for Botswana's services suppliers.

How then can threats be minimised and opportunities be realised?

Botswana needs to think about the following issues:

- What its interests are at various negotiation levels (e.g. commitments in GATS if investment promotion is the aim; SADC for sensitive service sectors; connection to aid in EPAs).
- What the key sectors of interest are (defensive and offensive, e.g. tourism, financial and transport services).
- What the key modes of interest are (e.g. supply services through online transactions, through consumption abroad, through temporary migration or foreign direct investment).
- What the most appropriate negotiating strategy is (e.g. should it make commitments in services to get something back in services in other countries, or in agriculture, or because unilateral is good for the economy?).

The key issue is not whether Botswana needs to be engaged but how. It is only through active involvement in such negotiations that Botswana can signal openness to FDI in banking and other sectors, can get better access for financial services and Botswana's service workers in key countries, or can improve access to aid instruments to enhance the services supply capacity.

Crucial questions now need to be raised on how to engage in services negotiations and the complementary policies.

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